



September 28, 2005

**VIA HAND DELIVERY & ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 3689 - July 2005 Standard Offer Rate Filing  
Responses to Record Requests**

Dear Ms. Massaro:

Please find attached an original and nine copies of Narragansett Electric Company's responses to the Commission's Record Requests in the above-captioned proceeding.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (508) 389-2877.

Very truly yours,

Thomas G. Robinson  
Laura S. Olton

cc: Docket 3689 Service List

THE NARRAGANSETT ELECTRIC COMPANY  
R.I.P.U.C. Docket 3689 - Standard Offer Rate Adjustment  
Responses to Commission's Hearing Record Requests  
Issued on September 23, 2005

Commission Record Request 1

Request:

Please develop and provide scenarios that quantify the effects of the fuel increases associated with Hurricane Katrina and Hurricane Rita.

Response:

Based on natural gas and crude oil futures prices as reported in the *Wall Street Journal* on August 17, 18 and 19, 2005, the Standard Offer rate calculation resulted in 9.3¢ per kWh. News reporting the potential for Hurricane Katrina having an effect on the Gulf Coast oil and natural gas production began around August 24<sup>th</sup>. The hurricane hit the Gulf Coast region on August 28<sup>th</sup>. During the days immediately following Hurricane Katrina, fuel prices rose significantly and the calculation of the Standard Offer rate was as high as 10.0¢ per kWh to 10.4¢ per kWh if based on the futures prices as reported on any of the days in the week following the hurricane.

The Company's revised Standard Offer rate proposal of 9.7¢ per kWh was based on fuel prices as reported on September 9, 12 and 13, 2005, approximately two weeks after Katrina and prior to seeing any effects from Hurricane Rita. Therefore, it is possible that a "hurricane premium" of approximately 0.4¢ per kWh (9.7¢ per kWh vs. 9.3¢ per kWh) is reflected in the Company's updated Standard Offer rate proposal.

Hurricane Rita struck the Texas/Louisiana coast on September 23<sup>rd</sup>. Had the three days prior to September 23<sup>rd</sup> been used to calculate the Standard Offer rate, the rate would have been 10.2¢ per kWh. There is not yet enough information regarding prices post-Hurricane Rita to draw conclusions about any price effect of this hurricane.

THE NARRAGANSETT ELECTRIC COMPANY  
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Commission Record Request 2

Request:

Please provide the effect of a plus or minus five percent movement in fuel prices on the Standard Offer fuel adjustment. Confirm that there is a direct relationship between a five percent movement in fuel prices and the Standard Offer price.

Response:

Increases/decreases in fuel prices, as compared to prices as reported in the *Wall Street Journal* on September 9, 12 and 13, 2005, would have the following affect on the estimated fuel index payments and on the Standard Offer rate:

<b>Change in Fuel Price</b>	<b>Change in Payments October 2005 – December 2005</b>	<b>Change in Payments January 2006 – December 2006</b>	<b>Incremental Change in Standard Offer Rate</b>
Decrease 10%	(\$8.9) million	(\$36.9) million	(0.5)¢ per kWh
Decrease 5%	(\$4.4) million	(\$18.4) million	(0.3)¢ per kWh
Increase 5%	\$4.4 million	\$18.4 million	0.3¢ per kWh
Increase 10%	\$8.9 million	\$36.9 million	0.5¢ per kWh

A 5% change in fuel prices would result in a 0.3¢ change in the Standard Offer rate and a \$4.4 million and \$18.4 million change in fuel index payments for the period October 2005 through December 2005 and January 2006 through December 2006, respectively.

A 10% change in fuel prices would result in a 0.5¢ change in the Standard Offer rate and a \$8.9 million and \$36.9 million change in fuel index payments for the period October 2005 through December 2005 and January 2006 through December 2006, respectively.

Prepared by or under the supervision of: Michael J. Hager

THE NARRAGANSETT ELECTRIC COMPANY  
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Commission Record Request 3

Request:

Please provide the amount of the increase in gross earnings tax that will be produced by an increase in the Standard Offer price from 6.7¢ per kilowatt-hour to 8.2¢ per kilowatt-hour over the three month period from October 1, 2005 through December 31, 2005.

Response:

If the Standard Offer rate for the period October 1, 2006 through December 31, 2005 is set at 8.2¢ per kWh, the estimated incremental Gross Earnings Tax revenue for the same period will be approximately \$950,000.

### Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



**Joanne M. Scanlon**  
The Narragansett Electric Company

September 28, 2005  
Date

**Narragansett Electric Co. – Standard Offer Rate Filing – Docket 3689**  
**Service list as of 09/12/05**

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